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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

May 30, 2003

Hon. Steven W. Williams, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Mr. Williams:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3001.102 (2002), I have enclosed copies the Cost and Revenue Analysis (CRA) Report, Fiscal Year 2002, the Cost Segments and Components Report for FY 2002, as well as several items underlying the production of the CRA Report.

The materials underlying the CRA correspond to the supporting materials described in 39 C.F.R. § 3001.102(a)(1) as "portions of LIOCATT" used in the Report, and certain "transportation workpapers." While those descriptions still apply in certain respects, changes in costing methodology and data sources that have been introduced in Postal Service testimony since Docket No. R97-1 have resulted in some of the supporting materials being provided in forms that differ from those previously provided. The materials provided here supporting Cost Segment 14 also differ somewhat from those provided previously, as summarized below and in accompanying commentary.

- (1) *Mail Processing Costs.* Similar to FY 2001 supporting documentation, the FY 2002 items that are the replacement for LIOCATT mail processing workpapers are attached, along with the Cost Segment 3 "B" workpapers.
- (2) *City Carrier Costs.* Similar to FY 2001 supporting documentation, we are providing the FY 2002 Cost Segment 6 & 7 "B" workpapers as the replacement for City Carrier Cost LIOCATT workpapers.
- (3) *Transportation Costs.* Similar to FY 2001 supporting documentation, we are providing the FY 2002 Cost Segment 14 "B" workpapers as the replacement for the Transportation Workpapers provided in prior years.

Also on diskette is the following information previously provided in the Alaska AP summary sheets:

- AAA2002.XLS contains the calculation of the FY 2002 Alaska Air Adjustment factor;
- AFS2002encoded.XLS contains the calculation of the FY 2002 Roadrailer adjustment factor;
- akhi02.XLS consists of the AP1-02.xls through AP13-02 source data for Alaska highway costs; and pulls all the AP Alaska files into one place for aggregation to quarters;
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We are providing 4 diskettes containing machine-readable materials associated with items (2) and (3), above.

Sincerely,

A handwritten signature in black ink, reading "Daniel J. Foucheaux, Jr." with a stylized flourish at the end.

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Taylor